

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Court of Appeal, First Circuit
State of Louisiana
Baton Rouge, Louisiana

December 20, 2000



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Baton Rouge, Louisiana**

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2000

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

December 20, 2000

**COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA**

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2000

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December 15, 2000

Independent Auditor's Report
on the Financial Statements

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Court of Appeal, First Circuit, a court within Louisiana state government, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of management of the Court of Appeal, First Circuit. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1-B to the financial statements, the accompanying special purpose financial statements present only the funds of the Court of Appeal, First Circuit. As such, they present the appropriated and non-appropriated activity of the court that are part of the accounts and fund structure of the State of Louisiana. The General Appropriation Fund reflects appropriated activity of the court that is part of the General Fund of the State of Louisiana. The non-appropriated fund is an individual fund of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated fund and the financial position of the non-appropriated fund. These procedures differ from generally accepted accounting principles as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

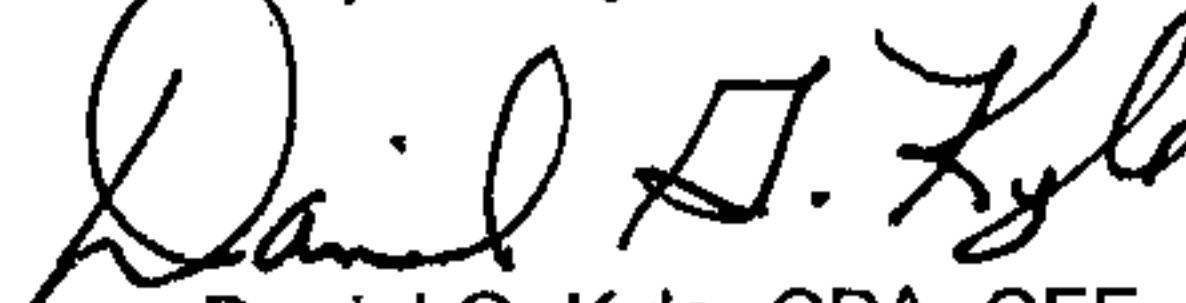
COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Audit Report, June 30, 2000

In our opinion, the accompanying special purpose financial statements referred to previously present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Court of Appeal, First Circuit at June 30, 2000, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2000, on our consideration of the Court of Appeal, First Circuit's internal control over financial reporting and our tests of its compliance with certain laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the court and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DLB:ES:DSP:ss

[ICIRCRT]

Statement A

**COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
APPROPRIATED AND NON-APPROPRIATED FUNDS**

Balance Sheet (Legal Basis), June 30, 2000

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - FEE ACCOUNT	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents (note 2)	\$108,875	\$241,744	\$350,619
Accounts receivable	874	12,206	13,080
Due from other fund		63	63
Prepaid items	34,194	90	34,284
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$143,943</u></u>	<u><u>\$254,103</u></u>	<u><u>\$398,046</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$125,925	\$2,056	\$127,981
Due to other fund	63		63
Payroll deductions payable	17,955		17,955
Total Liabilities	<u>143,943</u>	<u>2,056</u>	<u>145,999</u>
Fund Equity - fund balance - reserved for continuing operations (note 7)	<u>NONE</u>	<u>252,047</u>	<u>252,047</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$143,943</u></u>	<u><u>\$254,103</u></u>	<u><u>\$398,046</u></u>

The accompanying notes are an integral part of this statement.

**COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures, and
Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 2000**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - FEE ACCOUNT	TOTAL (MEMORANDUM ONLY)
REVENUES			
Court fees		\$190,944	\$190,944
Judges' Supplemental Compensation Fund		10,240	10,240
Copy fees		19,888	19,888
Use of money and property - interest earnings	\$1,758	17,281	19,039
Other	615		615
Total revenues	2,373	238,353	240,726
EXPENDITURES			
Appropriated expenditures:			
Personal services	4,356,390		4,356,390
Travel	178,269		178,269
Operating services	576,750		576,750
Supplies	49,824		49,824
Other charges	26,850		26,850
Capital outlay	203,633		203,633
Non-appropriated expenditures:			
Operating services		46,290	46,290
Supplies		6,245	6,245
Other charges		208	208
Judges' Supplemental Compensation Fund		19,888	19,888
Total expenditures	5,391,716	72,631	5,464,347
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(5,389,343)	165,722	(5,223,621)
OTHER FINANCING SOURCES (Uses)			
Transfers from Supreme Court	5,104,182		5,104,182
Operating transfers in	285,161		285,161
Operating transfers out		(285,161)	(285,161)
Total other financing sources (uses)	5,389,343	(285,161)	5,104,182
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	NONE	(119,439)	(119,439)
FUND BALANCES AT BEGINNING OF YEAR	NONE	371,486	371,486
FUND BALANCES AT END OF YEAR	NONE	\$252,047	\$252,047

The accompanying notes are an integral part of this statement.

**COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2000

INTRODUCTION

The Court of Appeal, First Circuit is a part of the State of Louisiana reporting entity within the judicial branch of government. The court is provided for in Article V, Sections 8 through 13 of the Louisiana Constitution of 1974 and Sections 311 through 392 of Title 13 of the Louisiana Revised Statutes of 1950. The court's operations are funded through an annual lapsing appropriation made by the Louisiana Legislature and from self-generated revenues authorized by Louisiana Revised Statute (R.S.) 13:352. In addition to the fees mandated by R.S. 13:352 relative to appeals, applications for writs, motions filed on unlodged appeals and answers to appeals, the court, in compliance with Act 63 of the 1985 Session of the Louisiana Legislature and in conformity with the Judges' Supplemental Compensation Fund, charges an additional fee of \$16. The total amount collected in connection with the Judges' Supplemental Compensation Fund is remitted to the Judicial Administrator's Office of the Supreme Court of Louisiana.

The Court of Appeal, First Circuit has appellate jurisdiction as authorized under Article V, Section 5 of the Louisiana Constitution, which encompasses the parishes of Ascension, Assumption, East Baton Rouge, East Feliciana, Iberville, Lafourche, Livingston, Pointe Coupee, St. Helena, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Washington, West Baton Rouge, and West Feliciana. The court has supervisory jurisdiction, subject to the general supervisory jurisdiction of the Supreme Court of Louisiana, over all lower courts in all cases in which an appeal would extend to the court of appeal. The Court of Appeal, First Circuit is domiciled in Baton Rouge and has 13 judges and 84 additional employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from generally accepted accounting principles as explained in the following notes.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The court is considered within the State of Louisiana reporting entity because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the state has control and exercises authority over budget

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

matters; (2) state appropriations provide the largest percentage of total revenues; and (3) the court primarily serves state residents. The accompanying financial statements present information only as to the transactions of the court.

The accompanying financial statements represent activity of the court within the judicial branch of state government and, therefore, are a part of the fund and account group structure of the State of Louisiana and its general purpose financial statements. Annually, the State of Louisiana issues general purpose financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

The Court of Appeal, First Circuit uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated fund. This differs from the fund accounting of generally accepted accounting principles where the intent is to measure the financial position and results of operations of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by the conventional fund types of generally accepted accounting principles.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, general fixed assets, and long-term liabilities are reflected in the State of Louisiana's general purpose financial statements.

The funds presented in the special purpose financial statements are described as follows:

General Appropriation Fund

The General Appropriation Fund provides for the general administrative expenditures of the court.

Non-Appropriated Fund - Fee Account

The Fee Account is used to account for filing fees and other revenues received by the court, as provided by R.S. 13:352 and 13:10.3. Expenditures incurred in excess of the amount appropriated by the legislature (General Appropriation Fund) are funded from this account.

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the court. This differs from generally accepted accounting principles in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Judicial Budgetary Control Board. These legal requirements differ from generally accepted accounting principles as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the court and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the court uses the following practices in recognizing revenues and expenditures:

Revenues

Self-generated revenues are recognized when earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Furthermore, any expenditure of a long-term nature for which funds have not been appropriated during the current year is not recognized in the accompanying financial statements.

Other Financing Sources (Uses)

The transfer from the Supreme Court represents the appropriation from the state General Fund. The transfer is recognized in the amount appropriated, to the extent withdrawn from the state treasury. Operating transfers are recognized when they become measurable and available.

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, money market accounts, and a certificate of deposit. Under state law, the Court of Appeal, First Circuit may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the court may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state-chartered credit unions.

F. GENERAL FIXED ASSETS

At June 30, 2000, the court has stewardship responsibility for \$1,808,221 in governmental movable property, valued at historical cost at the time of acquisition. The court also maintains a legal library with an appraised value of \$157,435 at September 18, 1986, plus estimated net additions of \$76,001 from the 1986 appraisal date to June 30, 2000. The general fixed assets are not reflected within the accompanying special purpose financial statements. The movable property balance at July 1, 1999, was restated for prior period adjustments. A summary of changes in general fixed assets is as follows:

	Restated Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Movable property	\$1,838,587	\$58,446	\$88,812	\$1,808,221
Legal library	233,436			233,436
Total	<u>\$2,072,023</u>	<u>\$58,446</u>	<u>\$88,812</u>	<u>\$2,041,657</u>

G. LONG-TERM OBLIGATIONS

The court is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the court arising from lease commitments, judgments, compensated absences, or from any other source are not recognized in the accompanying special purpose financial statements.

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

H. BUDGET PRACTICES

The general appropriation made for the operations of the court is an annual lapsing appropriation. Amounts not expended or encumbered should be returned to the state General Fund on or before September 1, 2000.

The accompanying financial statements do not present a budget comparison because the appropriated fund is budgeted in lump sum and the non-appropriated fund is not subject to budgetary control. The budget authorized by Act 537 of 1999 for the appropriated fund was \$5,104,182. In accordance with provisions of the budget act, this amount was supplemented by interest earned of \$1,758 and other revenue of \$615 for a total budget of \$5,106,155, which was approved by the Judicial Budgetary Control Board.

The court has no encumbrances outstanding at June 30, 2000.

I. JUDGES' SALARIES

The salaries of the judges are paid directly by the Supreme Court of Louisiana with warrants drawn on the state treasury and are not included in the expenditures of the accompanying financial statements.

J. LEAVE BENEFITS

The clerk of court, the director of central staff, and their respective staff members, as well as selected employees of the judges, earn annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for unused annual leave up to 300 hours at the employee's hourly rate of pay. Upon retirement, unused sick leave is used to compute retirement benefits for those employees who are members of the Louisiana State Employees Retirement System.

Certain court employees also earn compensatory time at a rate of one and one-half hours per hour worked over 40 hours per week. Those employees may not accrue more than 240 hours of compensatory time. Upon termination, those employees are compensated for up to 240 hours of unused compensatory leave at the employee's hourly rate of pay.

The cost of current leave privileges is recognized as a current year expenditure in the General Fund - General Appropriation Fund when leave is actually taken. The liability for unused annual and compensatory leave payable at June 30, 2000, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, is estimated at \$266,407. The leave payable is not recorded in the accompanying financial statements.

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Other law clerks and secretaries employed by particular judges are employees of those judges. As such, they are subject to the guidelines set by the judge. There is no set policy for these employees. With respect to these employees of the judges, upon termination of employment with the court, all unused annual and sick leave is forfeited; therefore, no liability for these employees exists for unused leave payable at June 30, 2000.

K. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents (book balances) are composed of the following:

Cash on hand	\$13,953
Cash in demand accounts	20,278
Interest-bearing demand deposits	108,876
Money market accounts	18,243
Certificate of deposit	<u>189,269</u>
Total	<u><u>\$350,619</u></u>

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the court in a holding or custodial bank that is mutually acceptable to both parties. The court has deposit balances (collected bank balances) of \$407,632 at June 30, 2000, for which the court has control. These deposits are secured from risk by \$200,000 of federal deposit insurance (GASB Risk Category 1) and \$207,632 of pledged securities held in the name of the court in a federal reserve bank (GASB Risk Category 1).

3. PENSION PLANS

Substantially all employees of the court are members of the Louisiana Clerks Retirement and Relief Fund (LCRRF) or the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. LCRRF and LASERS provide retirement, disability, and survivors'

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

benefits to plan members and beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Louisiana Clerks Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162 and the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

The contribution requirements of plan members and the court are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8.25% (LCRRF) and 7.5% (LASERS) of covered salaries. The court's contribution to LCRRF was 10.0% of annual covered payroll for the fiscal year ended June 30, 2000, 10.0% for the fiscal year ended June 30, 1999; and 10.0% for the year ended June 30, 1998. The contribution rate to LASERS was 12.3% of annual covered payroll for fiscal year ended June 30, 2000; 12.4% of annual covered payroll for the fiscal year ended June 30, 1999; and 13.0% for the fiscal year ended June 30, 1998. The court's employer contribution is funded by the State of Louisiana through the annual appropriation to the court. The court's employer contributions to LCRRF for the years ended June 30, 2000, 1999, and 1998 were \$90,306, \$88,764, and \$86,289, respectively, and to LASERS for the years ended June 30, 2000, 1999, and 1998 were \$328,757, \$298,945, and \$292,990 respectively, equal to the required contributions for each year.

**4. POSTEMPLOYMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The court provides certain continuing health care, dental care, and life insurance benefits for its retired employees. Substantially all of the court's employees become eligible for these benefits if they reach normal retirement age while working for the court. These benefits for retirees and similar benefits for active employees are provided through insurance companies whose monthly premiums are paid jointly by the employee and the court. The court recognizes the cost of providing these benefits (court's portion of the premiums) as an expenditure when paid during the year. The court's costs of providing retiree health care, dental care, and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2000, the cost of retiree benefits totaled \$37,817.

**5. JUDGMENTS, CLAIMS, AND
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by General Fund appropriation and are not reflected

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

6. LEASE AND RENTAL COMMITMENTS

For the fiscal year ending June 30, 2000, the court's rental expenditures amounted to \$104,660 for judicial office space and \$34,600 for equipment. The annual rental payments for cancelable operating leases for the next five fiscal years are as follows:

Fiscal year:	
2000-2001	112,160
2001-2002	95,680
2002-2003	64,350
2003-2004	46,800
2004-2005	<u>23,400</u>
Total	<u><u>\$342,390</u></u>

All lease agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period.

7. FUND BALANCE RESERVES

As shown on Statement A, the Non-Appropriated Fund - Fee Account has reserves for continuing operations of \$252,047. These funds may be retained and used to defray the expenditures of the court as prescribed by R.S. 13:352.

8. DEFERRED COMPENSATION PLAN

Certain employees of the court participate in the Louisiana Public Employee Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P. O. Box 94397, Baton Rouge, Louisiana 70804-9397.

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

9. SUBSEQUENT EVENTS

On July 31, 2000, Judge Melvin Shortess retired and was replaced by Judge John Michael Guidry. Judge Guidry held an interim seat created by a 1991 federal consent decree that set up a minority voting district. Judge Guidry's interim seat was eliminated when he replaced Judge Shortess and the court will have 12 judges instead of 13. In addition, Judge Daniel LeBlanc will retire effective December 31, 2000. Judge Bob Downing won the October 2000 election for Judge LeBlanc's position and will begin his term effective January 1, 2001.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
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December 15, 2000

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Report on Compliance and on Internal Control Over Financial
Reporting Based Solely on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Court of Appeal, First Circuit as of and for the year ended June 30, 2000, and have issued our report thereon dated December 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Court of Appeal, First Circuit's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court of Appeal, First Circuit's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

EXHIBIT A

LEGISLATIVE AUDITOR

**COURT OF APPEAL, FIRST CIRCUIT
STATE OF LOUISIANA**

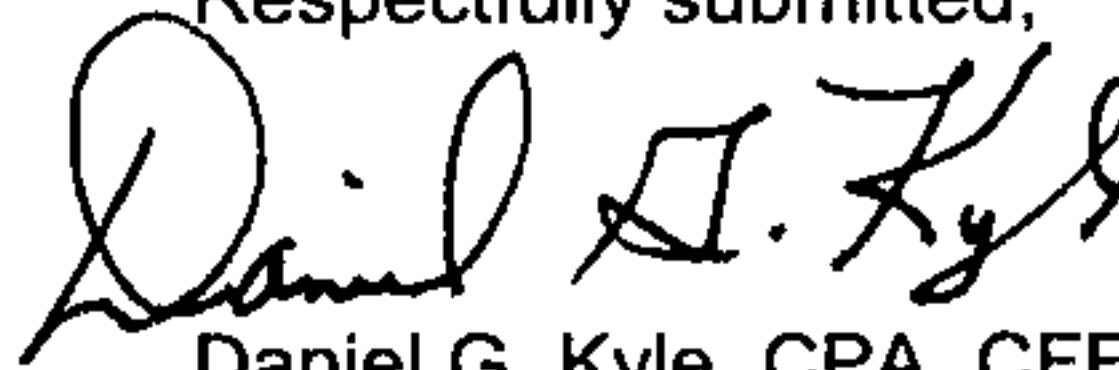
Compliance and Internal Control Report

December 15, 2000

Page 2

This report is intended solely for the information and use of the court and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being more prominent and the last name "Kyle" following in a similar style.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DLB:ES:DSP:ss

[1CIRCRT]